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Received - 2022-01-14 05:16:29 PM
Control Number - 52786
ItemNumber - 42

PROJECT NO. 52786

ERCOT COMPLIANCE REPORTS OF	§	PUBLIC UTILITY COMMISSION
GENERATION RESOURCE WINTER	§	
READINESS PURSUANT TO 16 TAC	§	OF TEXAS
§ 25.55(C)(4)	§	

**NOTICE OF REMOVAL OF NUECES BAY LLC'S
ASSERTION OF GOOD CAUSE**

On December 1, 2021, Nueces Bay LLC (Nueces Bay) submitted to the Electric Reliability Council of Texas, Inc. (ERCOT) the winter weather readiness reports (WWRR) for its generation resources in compliance with 16 Texas Administrative Code (TAC) § 25.55(c)(2). Nueces Bay's WWRRs included assertions of good cause for non-compliance with certain winter weather preparedness requirements established under 16 TAC § 25.55(c)(1)(A)-(C). Specifically, Nueces Bay sought exception from requirements related to the installation of new enclosures and new, additional heat tracing at its generation facilities due to supply chain delays.

On December 17, 2021, the Staff (Commission Staff) of the Public Utility Commission of Texas (Commission) filed in this project a notice of disagreement with Nueces Bay's above-described assertions of good cause.¹ Commission Staff disagreed with Nueces Bay's assertions of good cause due to Nueces Bay's failure to provide sufficient supporting documents, failure to provide a sufficient information about alternative efforts to comply with the requirements, and failure to provide sufficient supporting information regarding completion deadlines. Commission Staff also notified Nueces Bay that it must, within seven days of receiving the notice of disagreement, provide the Commission with proof of compliance, or alternatively, preserve the disputed good cause assertion by submitting to the Commission a request for approval of a good cause exception pursuant to 16 TAC § 25.55(c)(6)(C).

On December 29, 2021, Nueces Bay timely filed its response to the notice of disagreement.² In its response, Nueces Bay stated:

¹ *ERCOT Compliance Reports of Generation Resource Winter Readiness Pursuant to 16 TAC § 25.55(c)(4)*, Project 52786, Notice of Disagreement with Nueces Bay LLC's Assertion of Good Cause (Dec. 17, 2021).

² *ERCOT Compliance Reports of Generation Resource Winter Readiness Pursuant to 16 TAC § 25.55(c)(4)*, Project 52786, Nueces Bay LLC's Response to Commission Staff's Notice of Disagreement with Midway Wind LLC's Assertion of Good Cause (Dec. 29, 2021). Commission Staff notes that, due to Commission holiday closures, Midway Wind's response was timely filed in accordance with 16 Tex. Admin. Code (TAC) § 22.4(a).

- As of December 17, 2021, Nueces Bay is currently compliant with all weatherization requirements applicable to its facilities under 16 TAC § 25.55(c)(1)(A)-(C).
- Initially, Nueces Bay intended to meet the requirements of 16 TAC § 25.55(c)(1)(A)-(C) by installing an entirely new heat tracing system with enclosures, largely to replace existing equipment. Nueces Bay finalized the order for new enclosures and a completely new heat tracing system for each of its generation resources on September 7, 2021, but the delivery of the necessary materials had been delayed multiple times. At the time of Nueces Bay's filing, the estimated delivery date of the materials was January 10, 2022.
- Nueces Bay estimates that, once delivered, the installation of the new enclosures and heat tracing at the facilities will require the affected Nueces Bay generators to take an outage lasting approximately two months.
- If Nueces Bay were to take the outage to install the new enclosures and permanent heat tracing near the time the materials were expected to be delivered in January 2022, the outage would likely last for the remainder of the winter season and the Nueces Bay generation resources would be unavailable to provide power to the ERCOT market during winter months when there may be critical demand.
- To avoid an outage that would take Nueces Bay's generation resources out of service during a potentially critical period, Nueces Bay determined alternative ways to meet the weather preparation standards under the Commission's rules until Nueces Bay can take an outage in April, once the winter season has passed.
- By December 17, 2021, Nueces Bay had implemented alternative, temporary measures to ensure adherence to the requirements under 16 TAC § 25.55(c)(1)(A)-(C). These measures included: installation of heat tracing using existing materials along critical components not previously weatherized; installation of insulated duct board enclosures around all critical components, each with a space heater inside; installation of new, upgraded heaters and heating lamps in existing enclosures around critical components; installation of a remote monitoring system to monitor freeze protection systems to ensure the components are receiving adequate heat; and, for critical components that have not previously caused operational problems as a result of freezing weather, the installation of wind breaks and portable heaters that will be in place in the event there is extreme weather.

- Nueces Bay included photos and supporting documentation demonstrating the installation of the temporary measures, where appropriate.
- Nueces Bay has ensured that the components that experienced failures at its facilities during the period between November 20, 2020 and March 1, 2021 have been heat traced and enclosed, with wind protection installed, and that portable heaters will be used within the wind protection enclosures.
- As a result of Nueces Bay's above-described measures, Nueces Bay's facilities are now in compliance with 16 TAC § 25.55(c)(1)(A)-(C).
- In addition to its current compliance, Nueces Bay will proceed with its plan to install permanent enclosures and heat tracing during an outage beginning in spring 2022.

Commission Staff has reviewed Nueces Bay's response and agrees that Nueces Bay is now in compliance with 16 TAC § 25.55(c)(1)(A)-(C). Because Nueces Bay has no outstanding good cause assertions and has otherwise completed all filing requirements under 16 TAC § 25.55(c), Commission Staff will close investigation record number 2021120015 with no further action required.

Date: January 14, 2022

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS

**COMPLIANCE AND ENFORCEMENT
DIVISION**

Barksdale English
Division Director

/s/Courtney Dean
Courtney N. Dean
State Bar No. 24116269
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7235
(512) 936-7268 (facsimile)
courtney.dean@puc.texas.gov

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CERTIFICATE OF SERVICE

I certify that notice of filing of this document was provided to all parties of record via electronic mail on January 14, 2022 in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/Courtney Dean
Courtney N. Dean